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C O N F I D E N T I A L BANDAR SERI BEGAWAN 000027

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DEPARTMENT FOR EAP/MTS
SINGAPORE FOR ODC, DAO, AND FCS

E.O. 12958: DECL: 01/18/2018

TAGS: [MASS](#) [PREL](#) [ETRD](#) [BX](#)

SUBJECT: HARRIS CORP WINS BRUNEI COMBAT RADIO NET CONTRACT

REF: A. 07 BANDAR SERI BEGAWAN 160

[1](#)B. 07 BANDAR SERI BEGAWAN 317

Classified By: DCM Justin Friedman, reasons 1.4 (b) & (d)

SUMMARY

[1](#)1. (C) Harris Corporation has won a USD 25 million contract to provide a combat radio network to the Royal Brunei Armed Forces (RBAF). In beating French and German competitors, Harris has secured an important deal that could lead to significant follow on sales for itself and other U.S. defense firms. Brunei officials ran a scrupulously fair and clean, if very slow tender process that sets an important precedent for future defense and public procurements. END SUMMARY.

Harris: Slow and Steady Wins the Race

[1](#)2. (SBU) After seven years of tendering, bidding, and negotiating, on January 18 Harris Corporation signed a USD 25 million contract with the Ministry of Defense of Brunei for a combat radio network. The contract calls for a four year implementation plan to equip RBAF land forces with digital combat radios and provides five years of follow-on warrantee service on the equipment. Harris representatives told us that they see this deal as just the first step in a long term relationship to provide the RBAF with associated equipment and add-on packages.

[1](#)3. (SBU) To land the deal, Harris beat out strong competition from the French firm Thales and the German firm Rhode & Schwarz (R&S). R&S was awarded the initial contract in 2005 but was unable to finalize the deal because it could not meet its promises to satisfy Brunei's requirements for offsets. MinDef then re-ran a revised tender, stripping out offset requirements, which Harris then won.

[1](#)4. (SBU) Post worked closely with Harris and advocated with the GoB on its behalf. We also worked with Washington to secure export licenses for Harris to make a strong showing at BRIDEX, Brunei's first defense trade show in May 2007 (ref A), with the Ambassador helping to steer Sultan Hassanah Bolkiah to Harris's booth at the show.

Clean and Fair Competition

14. (C) Deputy Minister of Defense, Pehin Yasmin Umar, assured the Ambassador on several occasions that his major objective was to run this tender openly, fairly, and cleanly. By all accounts, he achieved his objective. Singapore-based super-lawyer Davinder Singh, a consultant to Brunei on this contract who has a regional reputation as a scrupulously honest and tough negotiator, told the Ambassador that this was a fair process. Other sources involved in the negotiations tell us that even the loser, R&S, said it was a fair fight.

COMMENT: Precedent Setting Process

15. (C) This deal is the result of Brunei's first publicly run defense procurement and sets a good precedent for future defense procurements. This follows on the flawed, closed process that led Brunei to become involved in an embarrassing, eventually losing arbitration with British contractors over offshore patrol vessels that Brunei was forced to accept and is now trying to sell. As Pehin Yasmin's comments to us imply, one motivation for the GoB to do this right was that they knew we were watching to ensure a level playing field for U.S. firms to compete.
SKODON